

DW 02-156

LAKES REGION WATER COMPANY, INC.

Petition for Permanent Rate Increase

Order Approving Settlement Agreement

O R D E R N O. 24,196

July 29, 2003

APPEARANCES: Stephen P. St. Cyr for Lakes Region Water Company, Inc.; and Marcia A. B. Thunberg, Esq. for the Staff of the New Hampshire Public Utilities Commission.

I. BACKGROUND AND PROCEDURAL HISTORY

This proceeding involves a request by Lakes Region Water Company, Inc. (Lakes Region or the Company) for a determination by the New Hampshire Public Utilities Commission (Commission) for approval of a general rate increase. Lakes Region, a public utility as defined in RSA 362:2 and 362:4, owns and operates several water systems throughout central New Hampshire that serve approximately 1,118 customers. These systems include: Far Echo Harbor, Paradise Shores, West Point, Waterville Valley Gateway, Hidden Valley (including Hidden Valley Shores), Wentworth Cove, Pendleton Cove, Deer Run, Woodland Grove, Echo Lake Woods, Brake Hill Acres, Tamworth Water Works and 175 Estates. The Company recently acquired the Hidden Valley Shores and 175 Estates systems from Consolidated Water

Company, Inc. The acquisition of these systems was approved by Order No. 23,930, (March 8, 2002).

On August 21, 2002, the Company filed a Notice of Intent to File Rate Schedules. On October 21, 2002, the Commission received the Company's petition to increase the permanent rates of all of its divisions along with revised tariff pages and supporting documentation. The Company proposed an increase in its overall revenue requirement of \$62,668 or 13.55 percent. Further, the Company requested that Hidden Valley Shores and 175 Estates be included in the Company's consolidated tariff rate, originally approved in *Lakes Region Water Company*, 84 NH PUC 125 (1999). The proposed revenue increase would affect individual system rates by raising them anywhere from 10.20 percent to 110.00 percent.

On November 15, 2002, the Commission entered Order No. 24,085 suspending the proposed tariff pages and scheduling a Prehearing Conference and technical session for December 17, 2002. On December 17, 2002, the Office of Consumer Advocate (OCA) notified the Commission that it would be participating in the proceeding on behalf of residential ratepayers. The Commission also received comments from the following customers: Edward Merski, Jr., Cathleen Sutton, Nancy and Mike Clairmont, Andre Lavoie,

Bret Libby, and David and Lily Abjornson. In addition, the Commission received requests to intervene from certain customers: Dorothy Cox, Donald Cox, Jill Wilder, Cathy Cummings, James Cummings, Jane Naughton, Sandra Burhoe, Freeman Burhoe, Tracy King, Thomas King, Earle Laste, Jr. and Thelma Laste.

The Prehearing Conference was held on December 17, 2002, and the pending intervention requests were approved. Immediately following the Prehearing Conference, the parties and Commission Staff conducted a technical session to develop a proposed procedural schedule. On December 31, 2002, Staff filed a report of the technical session indicating that customer-intervenors had authorized Freeman and Sandra Burhoe to act on their behalf. The report also contained a proposed procedural schedule which was subsequently approved by the Commission in a Secretarial Letter dated January 10, 2003.

On December 27, 2002, Lakes Region filed a request for temporary rates with supporting exhibits, asserting, among other things, that the demonstration of a revenue deficiency was sufficient evidence to allow the existing rates to become temporary rates. Brief discovery was conducted and a hearing on the request for temporary rates was held on February 6, 2003.

On February 10, 2003, the Far Echo Harbor Club Association, sought intervenor status and expressed concern over inadequate water pressure and volume. The Commission received no objections to this proposed intervention.

On March 3, 2003, the Commission entered Order No. 24,131 approving the Company's request for temporary rates at existing levels to be effective for service rendered on or after March 1, 2003. The Commission also approved the Far Echo Harbor Club Association's request for intervention.

Discovery ensued according to the procedural schedule. On April 25, 2003, Staff submitted the direct testimony of Utility Analysts James J. Lenihan, Douglas W. Brogan and Jayson P. Laflamme.

On June 6, 2003, the Company and Staff held a settlement conference for the purpose of reaching an agreement on the pending issues in this docket. These discussions ultimately produced a Settlement Agreement (Agreement) which was signed by the Company and Staff and filed with the Commission on June 20, 2003.

On July 9, 2003, the Commission heard testimony in support of the Agreement. At the request of the Company and Staff, the Commission deferred consideration of the rate case expenses as well as the recoupment of the

difference between temporary and permanent rates pending separate submissions by the Company as well as the review and recommendation by Staff.

On July 18, 2003, the Company submitted its summary of rate case expenses totaling \$36,996.71 as well as a summary of temporary rate reconciliation for the Consolidated Tariff Systems (CTS)¹ of \$6,317 and 175 Estates of \$2,608.

On July 18, 2003, responding to a concern expressed at hearing by the Commission, the Company reported on a meeting with its bank relative to refinancing the Company's existing debt. The Company reported that the bank was willing to discuss refinancing the Company's three bank loans as well as a loan from Mr. and Mrs. Mason, the Company's principals. According to the letter, the bank was also willing to consider extending a line of credit to the Company. The Company did not provide a timeline within which it expected to complete refinancing and obtain the line of credit.

On July 21, 2003, Staff submitted its recommendation to the Commission that the Company be allowed to recover \$33,026.31 in rate case expenses and

¹ As is explained more fully, *infra*, "Consolidated Tariff Systems" refers to the fact that certain of the systems operated by the Company provide service under one consolidated tariff, whereas the 175 Estates system has operated under a separate tariff.

that they be collected as follows: 1) for the Consolidated Tariff Systems, a surcharge of \$7.22 per customer for four quarters; 2) for 175 Estates, a surcharge of \$3.61 per customer for eight quarters. Staff recommended that \$3,970.40 in proposed rate case expenses be disallowed for recovery since those expenses related to the audit conducted by the Commission Staff as opposed to the rate case.

With regard to reconciling the temporary and permanent rates, Staff recommended the Company be allowed recovery of \$6,317 from the customers of the CTS and \$2,608 from the customers of 175 Estates. Staff recommended the Company recover \$1.44 per customer per quarter for four quarters from the customers in the Consolidated Tariff Systems, and the Company recover \$7.09 per customer per quarter for eight quarters from the customers in 175 Estates.

On July 24, 2003, Lakes Region submitted an objection to Staff's recommendations with respect to rate case expenses. Specifically, Lakes Region (1) objected to the disallowance of expenses associated with the Commission's audit of the Company, and (2) requested that rate case expenses be fully recovered in 2003 from customers taking service under the consolidated tariff.

Staff filed a letter in response, indicating that it would not object to a rate case expense surcharge of \$2.88 to be recovered over two quarters.

II. SUMMARY OF THE SETTLEMENT AGREEMENT

The Staff and Company presented the terms of the Settlement Agreement as follows:

A. Consolidated Tariff

Staff and the Company agreed that the Company would provide service under its consolidated tariff to customers of the following systems: Far Echo Harbor, Paradise Shores, Wentworth Cove, Pendleton Cove, Deer Run, Tamworth, West Point, Waterville Valley Gateway, Hidden Valley, Woodland Grove, Echo Lake Woods and Brake Hill Acres. The agreement further provides that the Company's recently acquired Hidden Valley Shores would become part of the Consolidated Tariff Systems (CTS). The Settlement Agreement notes that the Hidden Valley Shores system was previously owned by Consolidated Water Company and had been interconnected with the existing Hidden Valley system owned by Lakes Region and is being metered. For this reason, Staff and the Company believed it was appropriate to include the system in the CTS.

Staff and the Company agreed that several characteristics supported 175 Estates remaining as a

separate, stand alone water system with its own tariffed rate. The Company recently acquired 175 Estates. See Commission Order No. 23,930, (March 8, 2002). The 175 Estates customers have themselves contributed the majority of the capital to the water system.

B. Permanent Rate Increase

Staff and the Company agreed to two separate revenue requirements for the purpose of determining a permanent rate increase, one for the CTS and another for 175 Estates, as follows:

Consolidated Tariff Systems

1. Stipulated Rate Base:	\$926,366
2. Stipulated Rate of Return:	9.58%
3. Stipulated Operating Income Requirement:	\$ 88,767
4. Stipulated Proforma Test Year Operating Income:	\$ 77,566
5. Stipulated Revenue Deficiency Before Taxes:	\$ 11,202
6. Stipulated Tax Effect (based on a 77.78% tax factor):	\$ 3,201
7. Stipulated Revenue Deficiency:	\$ 14,403
8. Stipulated Proforma Test Year Water Revenue:	\$434,474
9. Stipulated Revenue Requirement:	\$448,877
10. Percent Increase in Revenue Requirement:	3.31%

175 Estates

1. Stipulated Rate Base:	\$22,057
2. Stipulated Rate of Return:	9.58%
3. Stipulated Operating Income Requirement:	\$ 2,114
4. Stipulated Proforma Test Year Operating Income (Loss):	(\$ 2,331)
5. Stipulated Revenue Deficiency Before Taxes:	\$ 4,444
6. Stipulated Tax Effect (based on a 77.78% tax factor):	\$ 1,270
7. Stipulated Revenue Deficiency:	\$ 5,714
8. Stipulated Proforma Test Year Water Revenue:	\$ 9,383
9. Stipulated Revenue Requirement:	\$15,097
10. Percent Increase in Revenue Requirement:	60.90%

C. Step Adjustment

Staff and the Company agreed to a single step adjustment to the permanent rates of the CTS and 175 Estates, to take effect, on a service rendered basis, on and after the effective date of the Commission's permanent rate order in this proceeding. The step adjustment for the CTS is based on certain plant additions after the test year totaling \$376,639 and provides for additional revenues of \$19,157. When combined with the stipulated revenue requirement for the permanent rate increase of \$448,877, these additional revenues result in an overall revenue requirement for the CTS of \$468,033. The step adjustment for 175 Estates is based on plant additions subsequent to the test year totaling \$7,275 and provides for additional revenues of \$1,206. This amount, in addition to the stipulated revenue requirement for the permanent rate increase of \$15,097 results in an overall revenue requirement for 175 Estates of \$16,303.

These step increases are intended to provide for recovery of certain non-revenue producing plant additions of an extraordinary nature placed in service during 2002 and 2003, subsequent to the test year. According to the Settlement Agreement, the relevant plant additions are fully completed and are used and useful. The Settlement

Agreement allows additional revenue derived from the step adjustment to be added to the revenue requirement based on the test year data in this proceeding, with the resulting total revenue requirement providing the basis for the overall rates to be approved by the Commission. The portion of the overall rate increase relating to the step adjustment would not be reconciled with the temporary rates now in effect.

D. Pro Forma Adjustments

Staff and the Company agreed to certain changes in test year expenses for purposes of establishing the Company's revenue requirement. In particular, Staff and the Company agreed that the real estate tax expense incurred by the Company for its CTS increased by \$735 from 2001 to 2002, a known and measurable expense.

E. Rate Design and Rates

The Company and Staff agreed to maintain the Company's present rate design. If the revenue requirements and step increases proposed in this Agreement are approved by the Commission, the customer rates would be as follows:

1. CTS metered customers will pay an annual flat rate of \$283.36, or \$70.84 per quarter, and \$3.06 per 100 cu. ft.

2. CTS unmetered customers in Tamworth will pay an annual flat rate of \$434.57, or \$108.64 per quarter.
3. The Waterville Valley Gateway pool charge will be \$781 annually.
4. 175 Estates customers will pay \$397.65 annually, or \$99.41 per quarter.

F. Effective Date and Reconciliation of Temporary and Permanent Rates

Staff and the Company agreed that the permanent rates should take effect on and after the effective date of the Commission's permanent rate order in this proceeding and should be reconciled back to March 1, 2003, the effective date for temporary rates approved by the Commission. Staff and the Company agreed the step adjustment should not be subject to recoupment for the period temporary rates were in effect, and thus shall be effective for service rendered as of the date of the Commission's order approving this Agreement.

G. Rate Case Expenses

Staff and the Company agreed that rate case expenses would be submitted to the Commission for review and approval at a later date.

H. Lost Water Accounting

The Company agreed to report annually on lost water by March 31 of each year. Reporting would consist of, at a minimum, a quarterly summary by system of water produced/purchased, consumed, sold in bulk, used for other purposes such as flushing, and lost; and would include a calculation of average leak rate, expressed in terms of gallons per minute (gpm), and percentage lost for each system by quarter. The Company agreed to submit a proposed reporting format for Staff review by December 31, 2003.

I. DW 01-236 Financing Petition

Commission Order No. 23,919 (February 8, 2002) approved the Company's petition for approval of financing for the purchase of Hidden Valley Shores and 175 Estates as well as for the completion of a water main project at the Tamworth system. During the course of the instant rate proceeding, it became evident that the financing was also used to purchase a water tanker for \$8,782 and a generator for \$12,000 and that the financing was also applied to well drilling at Paradise Shores in the amount of \$11,000, loan costs of \$1,455 and working capital infusions totaling \$22,274. In the Settlement Agreement, the Company and Staff informed the Commission of this information and their stipulation that the additional uses of the funds were

appropriate. Thus, the Settlement Agreement requests that the Commission approve the use of the financing proceeds for these additional purposes.

J. Water Quality

In the Settlement Agreement, Staff and the Company recognized that the Company has taken measures to correct water quality concerns raised by customers at the outset of this proceeding. Since the start of this proceeding, the Company has installed a sand filter and distribution system blow off valves and begun treatment for iron and manganese at the 175 Estates system. The Company has also replaced approximately 1,600 linear feet of main in the Brake Hill system. The Brake Hill system in total is comprised of approximately 3,000 linear feet. The Company agreed to continue monitoring water quality of its systems and to take corrective measures where necessary.

K. Other Parties

Neither the OCA nor any intervenors appeared at hearing to oppose the Settlement Agreement.

IV. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to establish just and reasonable rates for a public utility after notice and hearing. Based on the discussion that follows, we determine that the rates proposed in the Settlement

Agreement are just and reasonable and, accordingly, approve them.

A. Revenue Deficiency

The Settlement Agreement between Lakes Region and Staff provides for an overall revenue increase for the Company of \$40,480 or 9.12 percent, split between an increase based on the 2001 test year of \$20,117 or 4.53 percent and a step adjustment of \$20,363 or 4.59 percent. This increase in revenues results in differing rates of increase to the CTS and to 175 Estates. The Settlement Agreement provides for a separate revenue requirement for 175 Estates due to the substantial contributed capital from customers in that system. Despite this, the customers at 175 Estates will still realize a 60.90 percent increase in rates based on the test year, and a 73.75 percent increase overall when including the step adjustment. We note, however, Staff's testimony that the revenue associated with 175 Estates was actually providing a negative rate of return on a stand-alone basis prior to this proceeding, and that a portion of the increase resulting from this proceeding is simply to eliminate that loss and to allow Lakes Region to earn a reasonable return on its investment. Exh. 10 at 54. The step adjustment provided for in this Agreement also provides Lakes Region a return on the recent

improvements made at this system, addressing water quality concerns expressed by customers at the outset of this proceeding. Exh. 8 at 5. We are pleased that the Company has been responsive to the concerns of its customers, and although the rate of increase is higher for these customers, we feel assured that 175 Estates customers will receive much higher quality service as a result.

Traditional rate-of-return principles permit a utility to recover prudently incurred operating expenses and to have "the opportunity to make a profit on its investment, in an amount equal to its rate base multiplied by a specified rate of return." *Appeal of Conservation Law Foundation*, 127 N.H. 606, 634 (1986). The Settlement Agreement provides for a 9.58 percent rate of return and incorporates a 10.0 percent return on equity and a 9.21 percent long term debt component. At hearing, Staff witnesses explained that the return on equity of 10.0 percent was a settlement figure, derived from recent water company proceedings at the Commission. This Commission's obligations extend to balancing the consumer's interest in paying no higher rate than required against the investors' interests in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). The Court in *Eastman* affirmed this Commission's

discretionary actions providing a margin of profit sufficient to attract capital. Accordingly, we will exercise that discretion and approve the recommended cost of equity of 10.0 percent. However, we are concerned that the Company's overall cost of debt appears high in this time of historically low interest rates. While acknowledging the challenges faced by small water utilities in attracting and acquiring capital, we will nevertheless require Lakes Region to pursue replacement of its existing debt with lower cost financing and to continue to report to us on its efforts to reduce its overall cost of debt.

Staff testified that the plant, equipment, and capital improvements identified in the Settlement Agreement for the test year as well as those forming the basis of the step adjustment are used and useful. Staff testified at hearing that Staff had performed a comprehensive audit of Lakes Region's books prior to providing testimony in this proceeding. We accept Staff's recommendations and the Settlement's treatment of plant additions and find them to be used and useful in service to Lakes Region's customers.

B. Step Adjustment

Step adjustments are employed as a means of ensuring that a regulated utility retains its ability to earn a reasonable rate of return even after implementation

of large capital projects. Its purpose is to avoid placing a utility in an earnings deficiency immediately after a rate case which has been based on a test year ratemaking methodology. Step adjustments typically are implemented following a rate proceeding, taking advantage of that proceeding to substantially reduce the time for regulatory review and approval of recently completed capital additions.

The Commission has also reserved the use of step adjustments to avoid regulatory lag in providing a utility with its authorized return on invested capital. Regulated water utilities, in complying with the requirements of the federal Safe Drinking Water Act (SDWA), have been particularly challenged to maintain a reasonable rate of return while making new significant investments. Lakes Region has requested a step adjustment in this proceeding, and the Settlement Agreement reached between the Company and Staff provides a single step adjustment to the rates of Lakes Region. It is to be implemented on a service rendered basis at the time of an issuance of an order in this docket. This step adjustment provides for additional revenues of \$20,363 or an additional 4.59 percent increase in revenues over the test year. For the CTS, the step adjustment is based on certain post test year plant

additions totaling \$376,639 as shown on Schedule CTS-4a of the Agreement. The Company will receive additional revenues of \$19,157 or a 4.41 percent increase over the test year. For 175 Estates, the post test year plant additions total \$7,275 and would yield additional revenues of \$1,206 representing a 12.85 percent increase over test year revenues from 175 Estates. Staff and Lakes Region stipulate that the increase in revenues resulting from the step adjustment for both the CTS and 175 Estates will not be subject to a temporary rate recoupment. Since the Agreement calls for rates resulting from this proceeding to take effect on August 1, the additional revenues from the step adjustment will only be realized for service rendered on and after August 1, 2003.

After reviewing the record and the capital expenditures made by Lakes Region subsequent to the 2001 test year as identified in the Agreement, we find the step adjustment to be reasonable and we will approve it. We have previously approved step adjustments for Lakes Region and other water utilities, and we believe they are an appropriate way to deal with the difficult issues of aging infrastructure and SDWA compliance faced by most water companies. We believe the limitation of the items included in the step adjustment in this case, so as to allow

recovery only of expenditures of an extraordinary nature and for items which are in service and necessary for the provision of safe and adequate service, is consistent with meeting our obligations that rates be just and reasonable.

C. Consolidated Rates/Single Tariff Pricing

The Agreement calls for a continuation of a consolidated tariff for all of Lakes Region's systems except for 175 Estates. Although most of the consolidated systems are metered, we note that Tamworth is not. Thus, the Tamworth system customers will pay a flat rate which approximates the consolidated metered rate that an average customer pays in the remaining CTS systems. The Hidden Valley Shores system acquired from Consolidated Water Company in 2002 will also be included in the CTS and, having been metered, those customers will pay the CTS metered rate. We agree with Staff and the Company that the consolidated rates should continue, and we also agree that maintaining a separate cost of service for 175 Estates is appropriate. We will not preclude the possibility that at some point the 175 Estates rate could be a part of the CTS, depending primarily on additional capital improvements in that system, but at this time we find a stand-alone rate is appropriate.

D. Financing Issues from DW 01-236

As a part of the Settlement Agreement, Staff and Lakes Region request that we approve the uses of funds obtained by Lakes Region in its financing docket DW 01-236. In that proceeding the Company was authorized to borrow funds to purchase the Hidden Valley Shores and 175 Estates systems, and to complete a significant water main project at its Tamworth system. An important component of the Commission's review of a financing request is consideration of the proposed use of the funds to be obtained. *Appeal of Easton*, 125 N.H. 205, 211 (1984). To the extent that Lakes Region did not need the full amount of the loan for the intended purposes, the Company should have advised this Commission and sought our approval for alternative uses. We caution Lakes Region and all other utilities to do so in the future. However, we find the use of the financing proceeds to be reasonable and we will approve the use of the balance of the financing proceeds for the purposes as outlined in the Agreement.

E. Lost Water Accounting

We note that the Agreement calls for Lakes Region to begin providing Staff with accounting for lost water on an annual basis. In reviewing the information provided at hearing, as well as in the testimony of Mr. Douglas Brogan

on behalf of Staff, we share Staff's concern about lost water. We will expect the Company to be diligent in all of its efforts to prevent water waste, and to provide Staff with the information required under the Agreement. We also ask Staff to advise us in the event lost water becomes a more serious issue than it appears at present.

F. Temporary Rate Recoupment and Rate Case Expenses

In Commission Order No. 24,131, (March 3, 2003) temporary rates were approved at existing levels for Lakes Region, to be effective for service rendered on and after March 1, 2003. Following the July 9 hearing in this docket, the Company submitted its analysis of its temporary rate recoupment and its rate case expenses for this proceeding. The Company indicates that the difference between the permanent rates called for in the Agreement and the temporary rates in effect since March 1 totals \$6,317 for the CTS, and \$2,608 for 175 Estates. It requests that we approve recovery from the 1,098 CTS customers in one quarterly amount of \$5.75; for the 46 customers of 175 Estates, the total of \$56.70 per customer is requested to be recovered in four quarterly amounts of \$14.17.

The Company has submitted rate case expenses totaling \$36,996.71 for this proceeding. For the 1,144 customers of Lakes Region, this amounts to \$32.34 per

customer. For the CTS customers the Company proposes a surcharge for two quarters in the amount of \$16.17. For 175 Estates customers the Company proposes to recover this amount over four quarters, the first three a surcharge of \$8.00 and the fourth quarter a surcharge of \$8.34.

Staff submitted its recommendation for temporary rate recoupment and rate case expenses. Staff recommends the removal of \$3,970.40 from the rate case expenses submitted because those expenses relate to a Staff audit of the Company. Thus, Staff recommends the recovery of \$33,026.31, or \$28.87 per customer. For the CTS customers, Staff recommends a recovery over four quarters in the amount of \$7.22. For the 175 Estates customers, Staff recommends a recovery over eight quarters of \$3.61. For the temporary rate recoupment, Staff agrees with the Company's calculation of the amount, but recommends recovery be combined with rate case expenses over somewhat longer periods of time. For the CTS, Staff recommended the \$5.75 in temporary rate recoupment per customer, to be collected over a period of four quarters at the rate of \$1.44 per quarter per customer. In response to the recently interposed objection of the Company, Staff advises that it does not oppose a surcharge of \$2.88 for two

quarters, thereby permitting the Company to recover these expenses before the end of 2003.

Staff further recommends \$28.87 in rate case expenses to be recovered over four quarters in the amount of \$7.22. For 175 Estates, Staff recommends the \$85.57 in combined recoveries (\$56.70 in temporary rate recoupment and \$28.87 in rate case expenses) be recovered over eight quarters in the amount of \$10.70 per customer.

We have reviewed the Company's request and the Staff's recommendation. We find Staff's recommendation lessens the burden on customers and is reasonable and we will accept the Staff's recommendation for recovery of the temporary rate recoupment and rate case expenses. We are unable to agree with the Company that expenses associated with the Commission's audit are recoverable as rate case expenses, inasmuch as audits are a part of routine utility operations. The quarterly amounts Staff recommends are more in line with recovery amounts we have approved for small water utilities in the past. In addition, all customers are experiencing a rate increase as a result of this proceeding, and the 175 Estates customers in particular are experiencing a large increase. Thus the somewhat longer periods of time for recovery will mitigate rate shock to Lakes Region's customers. Therefore, we will

permit recovery of the temporary rate recoupment and rate case expenses through a surcharge to customer bills in the following amounts: for CTS customers, \$10.10 for the next two quarters and then \$7.22 for the following two quarters; for 175 Estates customers, \$10.70 for eight quarters.

Based upon our review of the record and testimony at hearing, we conclude that the Settlement Agreement and the rates established therein are just and reasonable.

Based upon the foregoing, it is hereby

ORDERED, that the Settlement Agreement reached between Staff and Lakes Region is APPROVED; and it is

FURTHER ORDERED, that Lakes Region's rate case expenses and temporary rate recoupment as specified above are APPROVED; and it is

FURTHER ORDERED, that Lakes Region shall report to the Commission by September 30, 2003 and December 31, 2003 on its attempts to lower the cost of its debt; and it is

FURTHER ORDERED, that Lakes Region shall submit a compliance tariff within five days in conformance with this order.

By order of the New Hampshire Public Utilities
Commission this twenty-ninth day of July, 2003.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director and Secretary